

Morning Brief

Today's Outlook:

Government Bonds

Risk Appetite Presses the SUN Market. With the Covid-19 case, a number of market players are again interested in risky assets such as stocks. The increase in the Jakarta Composite Index (IHSG) and the appreciation of the rupiah were supported by positive sentiment from the decline in new domestic cases below 10,000 per day, and the number of vaccines distributed also continued to rise. The optimism of market players regarding Indonesia's economic outlook has triggered the sale of risk-less assets such as government bonds. At the end of last week, the yields for the medium tenor FR0088 and long tenor FR0083 rose to the level of 6.21% and 6.84%, respectively.

Corporate Bonds

IDX Records 8 Bond and Sukuk Issuances of IDR 4.38 Trillion. Until the second week of February 2021, there were 8 bond and sukuk issuances listed on the Indonesia Stock Exchange (IDX). The bonds and sukuk were issued by 7 issuers, with a value of IDR 4.38 trillion. Of the 8 bonds issuances, five of them were registered during the period last week. One of them, the PP Properti II Phase II Year 2021 Sustainable Bond issued by PP Properti Tbk, was listed on the IDX on February 8, 2021, with a nominal value of IDR 300 billion (PPRO02CN2) and a 370-day period. With this record, the total Bond and Sukuk issuances listed on the IDX totaled 472 issuances with an outstanding nominal value of IDR 426.6 trillion and USD47.5 million and were issued by 130 issuers. Government Securities (SBN) listed on the IDX total 138 series with nominal values of IDR 4,000.55 trillion and USD 400 million. EBA of 11 emissions worth IDR 7.29 trillion. (Investor Daily)

Domestic Issue

The expansion of the Manufacturing PMI does not reflect the real conditions. Indonesia's manufacturing Purchasing Managers' Index (PMI) in January 2021 again expanded and was at the level of 52.2, higher than the previous period of 51.3. The government said the increase in Indonesia's manufacturing PMI was a concrete form of recovery in the industrial sector amid the impact of the Covid-19 pandemic, as well as a manifestation of the expansion of the manufacturing sector. The Institute for Development of Economics and Finance (Indef) said that the continued expansion of Indonesia's manufacturing PMI has not reflected the real conditions in industry and society. This is because the performance of the manufacturing industry is currently still limited due to weakening purchasing power as a result of the Covid-19 pandemic. (Investor Daily)

Recommendation

Investors Waiting for BI 7-DRRR Decision. The SBN market is moving this week, amid the waiting for the release of the BI 7-DRRR data on Thursday (18/02). Based on a Bloomberg survey, BI will cut the BI 7-DRRR by 25 bps to 3.5%. For the record, the last time BI lowered its benchmark interest rate was on 19 November 2020, from 4% to 3.75%. Throughout 2020, BI has cut its benchmark interest rate five times or by 125 bps. The projection for cutting interest rates is in line with maintained inflation at 1.55% and the conservative policies of the Fed and the European Central Bank. Investors can start looking at FR0086, FR0087, FR0088, FR0083, and FR0089. The five series will be offered at the SUN auction on Tuesday.

Indonesia Macroeconomic Data

Monthly Indicators	Last	Prev.	Quarterly Indicators	Last	Prev.
BI 7 Day Rev Repo Rate	3.75%	3.75%	Real GDP	-2.19%	-5.32%
FX Reserve (USD bn)	138.00	135.90	Current Acc (USD bn)	0.96	(2.94)
Trd Balance (USD bn)	2.10	2.61	Govt. Spending Yoy	1.76%	-6.90%
Exports Yoy	14.63%	9.54%	FDI (USD bn)	3.92	4.56
Imports Yoy	-0.47%	-17.46%	Business Confidence	104.82	105.33
Inflation Yoy	1.55%	1.68%	Cons. Confidence*	84.90	92.00

PRICE OF BENCHMARK SERIES

FR0086 (5yr): -0.9 Bps to 101.21 (5.22%)
FR0087 (10yr): -0.8 Bps to 102.23 (6.19%)
FR0088 (15yr): +0.2 Bps to 100.35 (6.21%)
FR0083 (20yr): +1.2 Bps to 106.87 (6.84%)

FR0081 (4yr): -1.8 Bps to 104.70 (5.26%)
FR0082 (9yr): -0.6 Bps to 105.27 (6.25%)
FR0080 (14yr): -1.1 Bps to 107.70 (6.65%)

CDS of Indonesia Bonds

CDS 2yr: +0.18% to 24.90
CDS 5yr: -2.28% to 75.57 (as of Feb. 1, 2021)
CDS 10yr: +0.11% to 128.25

Government Bond Yields & FX

	Last	Chg.
Tenor: 10 year	6.22%	-0.01%
USDIDR	13,973	-0.07%
KRWIDR	12.65	-0.04%

Global Indices

Index	Last	Chg.	%
Dow Jones	31,458.40	27.70	0.09%
S&P 500	3,934.83	18.45	0.47%
FTSE 100	6,589.79	61.07	0.94%
DAX	14,049.89	8.98	0.06%
Nikkei	29,520.07	(42.86)	-0.14%
Hang Seng	30,173.57	134.85	0.45%
Shanghai	3,655.09	51.60	1.43%
KOSPI	3,100.58	15.91	0.52%
EIDO	23.91	0.03	0.13%

Commodities

Commodity	Last	Chg.	%
Gold (\$/troy oz.)	1,824.2	(1.3)	-0.07%
Crude Oil (\$/bbl)	59.47	1.23	2.11%
Coal (\$/ton)	84.90	(0.65)	-0.76%
Nickel LME (\$/MT)	18,569	(51.0)	-0.27%
Tin LME (\$/MT)	23,650	350.0	1.50%
CPO (MYR/Ton)	3,629	57.0	1.60%

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday 15 - Feb	ID	11:00	Trade Balance	Jan		\$1335m	\$2101m
Tuesday 16 - Feb	GE	17:00	ZEW Survey Current Situation	Feb		--	-66.4
	EC	17:00	GDP SA YoY	4Q20		--	-5.10%
Wednesday 17 - Feb	UK	14:00	CPI YoY	Jan		--	0.60%
	UK	14:00	CPI Core YoY	Jan		--	1.40%
	US	19:00	MBA Mortgage Applications	Feb		--	-4.10%
	US	21:15	Industrial Production MoM	Jan		0.40%	1.60%
Thursday 18 - Feb	ID	14:20	Bank Indonesia 7D Reverse Repo	Feb		3.50%	3.75%
	US	20:30	Initial Jobless Claims	Feb		--	--
Friday 19 - Feb	ID	10:00	BoP Current Account Balance	4Q20		\$1250m	\$964m
	GE	15:30	Markit Germany Manufacturing PMI	Feb		--	57.1
	EC	16:00	Markit Eurozone Manufacturing PMI	Feb		--	54.8
	UK	16:30	Markit UK PMI Manufacturing SA	Feb		--	54.1
	US	21:45	Markit US Manufacturing PMI	Feb		59	59.2

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH



PT. NH Korindo Sekuritas Indonesia

Member of Indonesia Stock Exchange

Head Office :

District 8 Treasury Tower 51st
Fl. Unit A, SCBD Lot.28
Jl. Jendral Sudirman Kav. 52-53
Jakarta Selatan 12190
Telp : +62 21 50889100
Fax : +62 21 50889101

Branch Office BSD:

ITC BSD Blok R No.48
Jl. Pahlawan Seribu Serpong
Tangerang Selatan 15322
Indonesia
Telp : +62 21 5316 2049
Fax : +62 21 5316 1687

Branch Office Medan :

Jl. Timor No 147
Medan, Sumatera Utara
20234
Indonesia
Telp : +62 614 156500
Fax : +62 614 568560

A Member of NH Investment & Securities Global Network

Seoul | New York | Hong Kong | Singapore | Shanghai | Beijing | Hanoi |
Jakarta